

Lifeline Assistance Program

A program of the Orchard Farm Telephone Company, the Lifeline Assistance Program assists qualified low-income applicants with reductions in their monthly local exchange service rate. The assistance applies to a single telephone line at the applicant's principle place of residence and the monthly rate may be reduced by up to \$15.75. Eligibility is based on participation in a qualifying program. For more information contact the Lifeline Assistance Program at 636-250-4450 or visit their website at www.missouricom.com.

[Note: The Orchard Farm Telephone Company is neither associated with, nor endorsed by the Orchard Farm School District, its Administration and Staff or Board of Education]

REDACTED - FOR PUBLIC INSPECTION

NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(With unconsolidated amounts for 2013)

DECEMBER 31, 2014

NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2014

(With unconsolidated amounts for 2013)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Florence Telephone Company
New Florence, Missouri

We have audited the accompanying consolidated financial statements of New Florence Telephone Company (a Missouri corporation) and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying financial statements of New Florence Telephone Company, which comprise the balance sheet as of December 31, 2013, and the related statements of income, retained earnings, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Florence Telephone Company and Subsidiaries at December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2013 financial statements present fairly, in all material respects, the financial position of New Florence Telephone Company as of December 31, 2013, and the results of its operations, stockholder's equity, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

GAO Reporting

In accordance with *Government Auditing Standards*, we have also issued a report dated April 4, 2015, on our consideration of New Florence Telephone Company and Subsidiaries' internal control over financial reporting, and our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Wiggins & Co., PC

Brigham City, Utah
April 4, 2015

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2014

(With unconsolidated financial statements for 2013)

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents		
Due from subscribers and agents, less allowance for doubtful accounts of \$13,150 and \$350		
Accounts receivable-affiliates		
Materials and supplies		
Prepaid expenses		
Total current assets		
Other assets		
Deferred income taxes		
Unamortized loan costs		
Goodwill		
Total other assets		
Property, plant, and equipment		
Operating plant:		
Plant under construction		
Plant in service		
Accumulated depreciation		
Total operating plant		
Non-operating plant:		
Telephone plant acquisition adjustment		
Accumulated amortization		
Non-regulated plant in service		
Accumulated depreciation		
Total non-operating plant		
Total property, plant, and equipment		
Total assets		

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Continued)
DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)

	<u>2014</u>	<u>2013</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable		
Accounts payable-affiliates		
Customer deposits		
Accrued expenses		
Income tax payable		
Current portion of long-term debt		
Total current liabilities		
Long-term liabilities		
Deferred income taxes		
Long-term debt, net		
Total long-term liabilities		
Total liabilities		
Stockholders' equity		
Common stock, no par value, 600 shares authorized, 100 issued and outstanding		
Additional paid in capital		
Retained earnings		
Treasury stock, 177 shares, recorded at cost		
Total stockholders' equity		
Total liabilities and stockholders' equity		

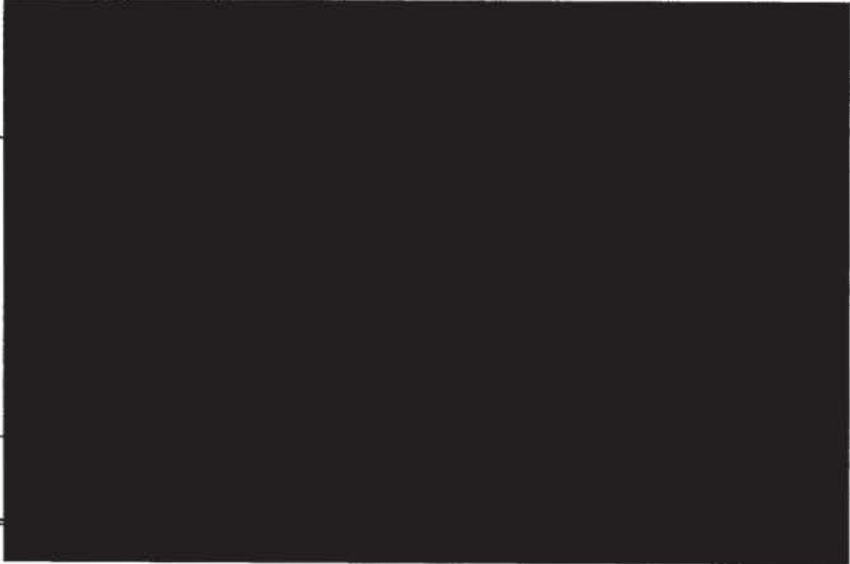
The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)

	<u>2014</u>	<u>2013</u>
Operating revenue		
Local network		
Network access		
Billing and collection		
Miscellaneous		
Total operating revenue		
Operating expenses		
Plant specific		
Plant nonspecific		
Customer operations		
Corporate operations		
Depreciation		
Total operating expenses		
Operating taxes		
Income taxes (benefit)		
Other operating taxes		
Total operating expenses and taxes		
Operating income (loss)		
Non-operating revenue (expense)		
Other income (loss)		
Non-regulated income (expense)		
Income taxes (expense) benefit		
Non-operating income (loss)		
Net income (loss) before fixed charges		
Fixed charges		
Net income (loss)		

The accompanying notes are an integral part of these financial statements.

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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
 (With unconsolidated financial statements for 2013)

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, December 31, 2012					
Net income (loss)					
Balance, December 31, 2013					
Proceeds from contributed capital					
Net income (loss)					
Balance, December 31, 2014					

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)

	2014	2013
Cash flows from operating activities		
Net income (loss)		
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation and amortization on non-regulated property		
Amortization of loan costs		
Depreciation and amortization		
Deferred taxes		
Bad debt reserve		
Changes in assets and liabilities		
Due from customers and agents		
Accounts receivable-affiliates		
Materials and supplies		
Prepaid expenses		
Accounts payable		
Accounts payable-affiliates		
Customer deposits		
Accrued expenses		
Income tax payable		
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of goodwill		
Purchase of capital items		
Purchase of non-regulated assets		
Purchase of investments in affiliates		
Net cash provided (used) by investing activities		

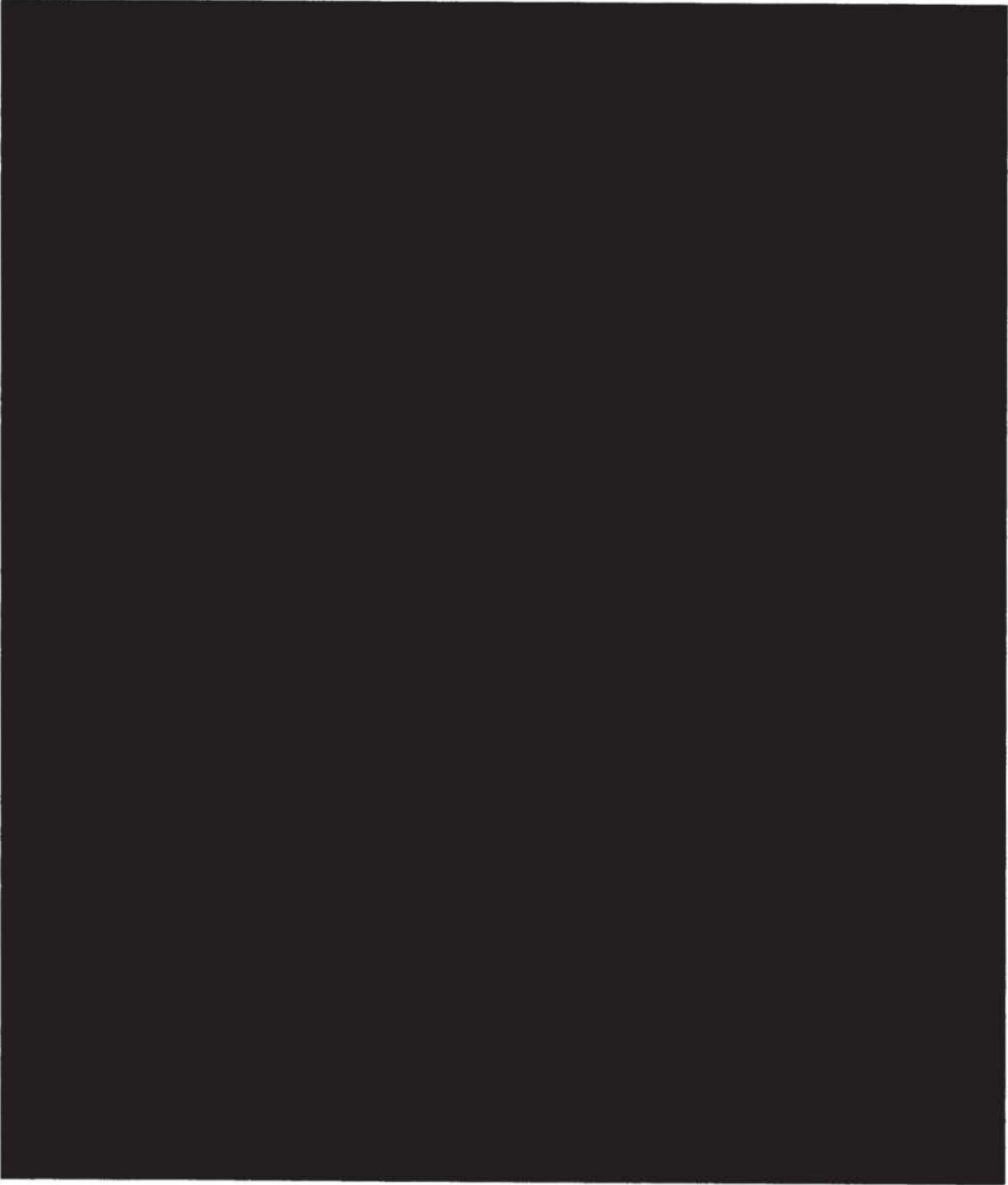
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REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
 (With unconsolidated financial statements for 2013)

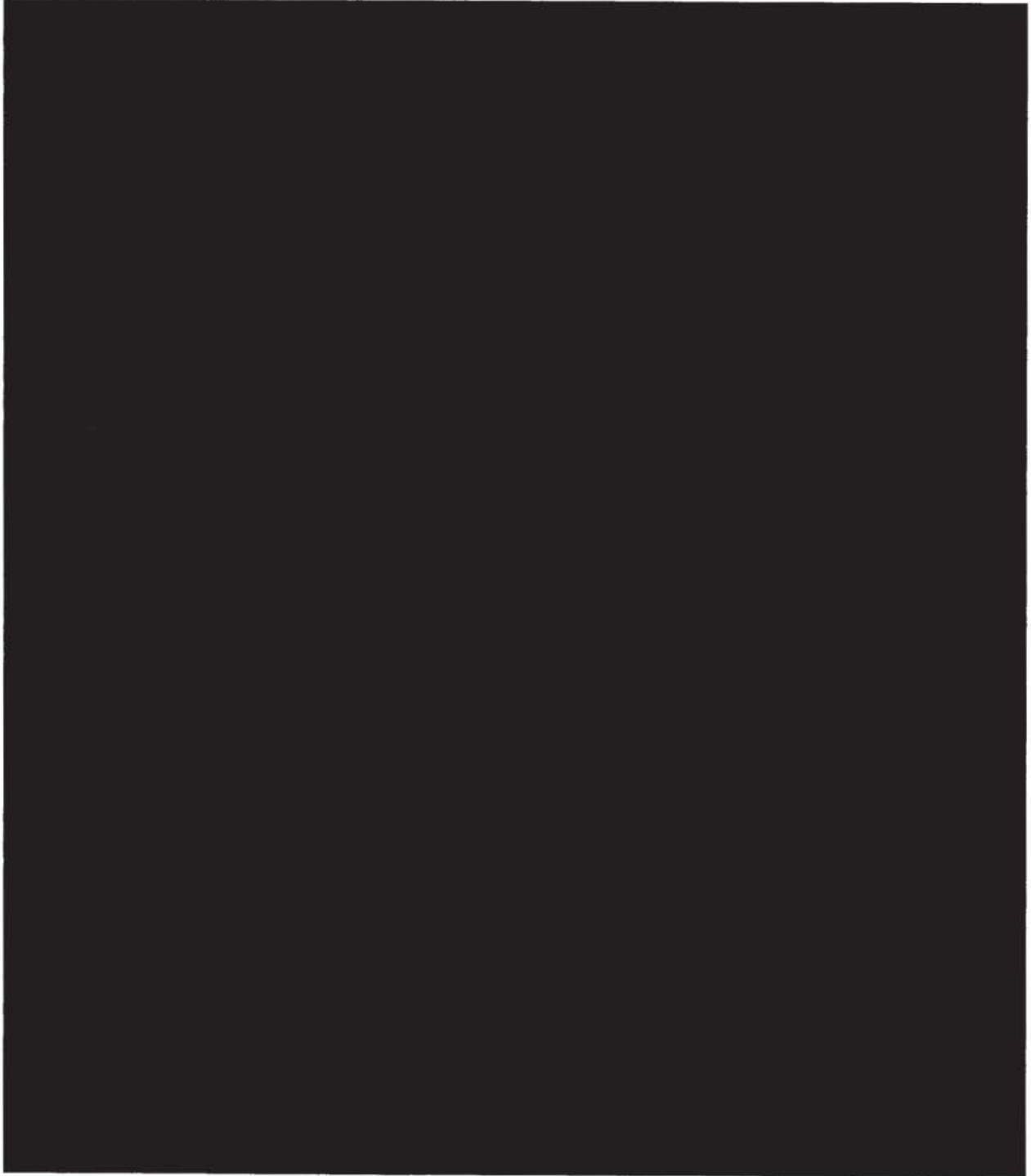
	2014	2013
Cash flows from financing activities		
Payments of long-term debt		
Payments on short-term shareholder loans		
Proceeds from issuance of long-term debt		
Payment of loan costs		
Proceeds from contributed capital		
Net cash provided (used) by financing activities		
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning		
Cash from purchase of affiliated companies		
Cash and cash equivalents, ending		
Cash paid during the year for:		
Interest		
Income taxes		

The accompanying notes are an integral part of these financial statements.

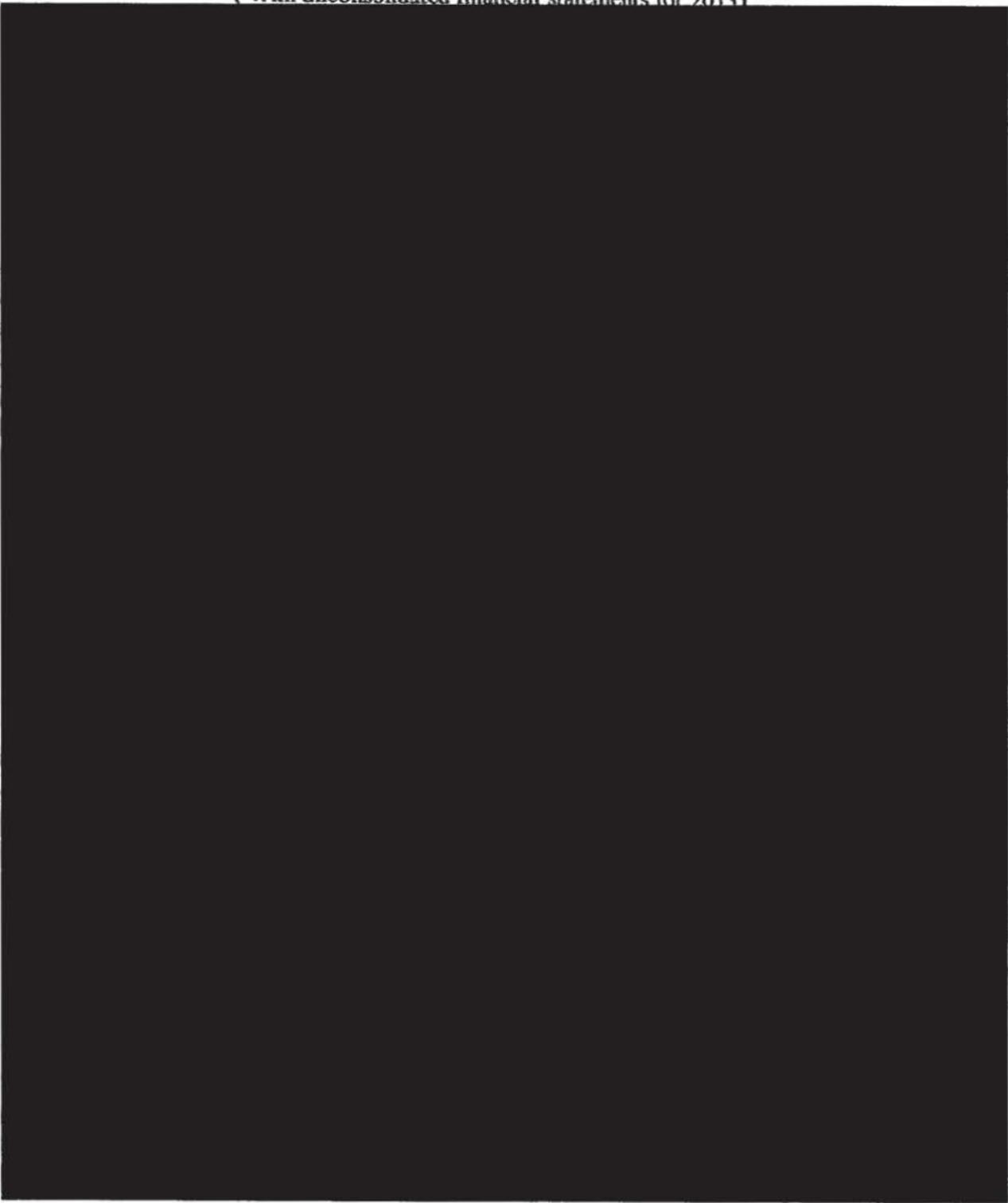
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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)

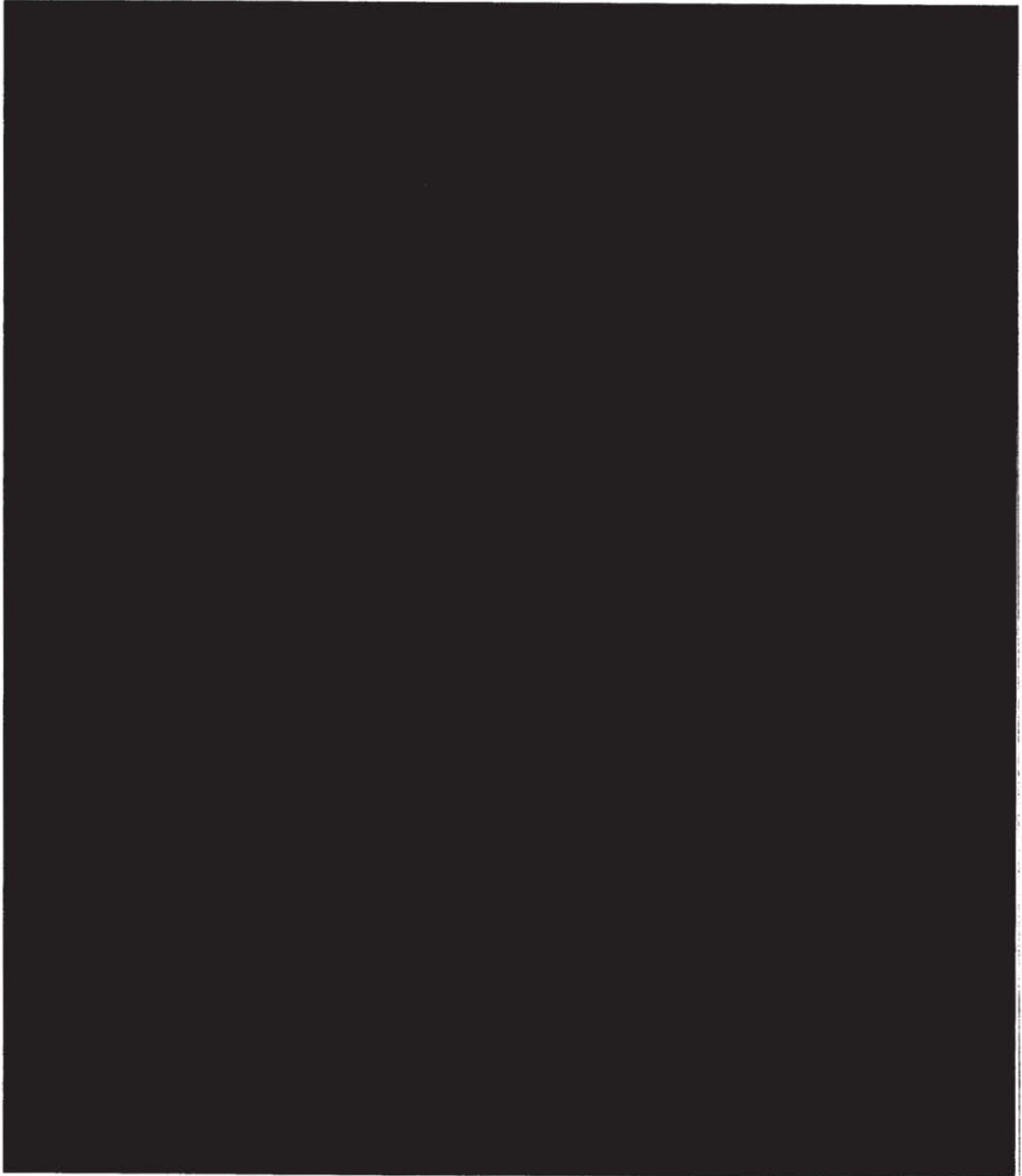


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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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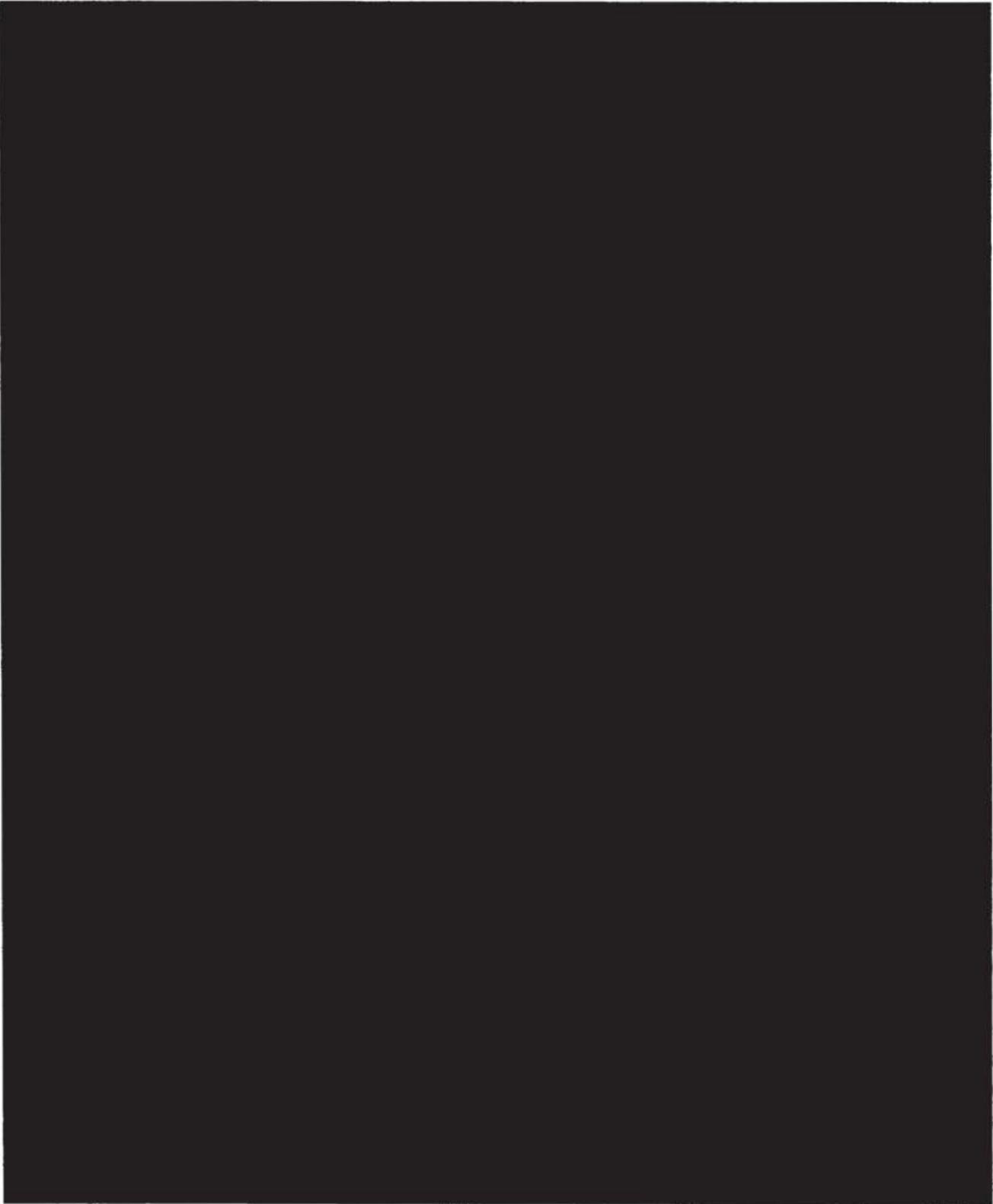
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



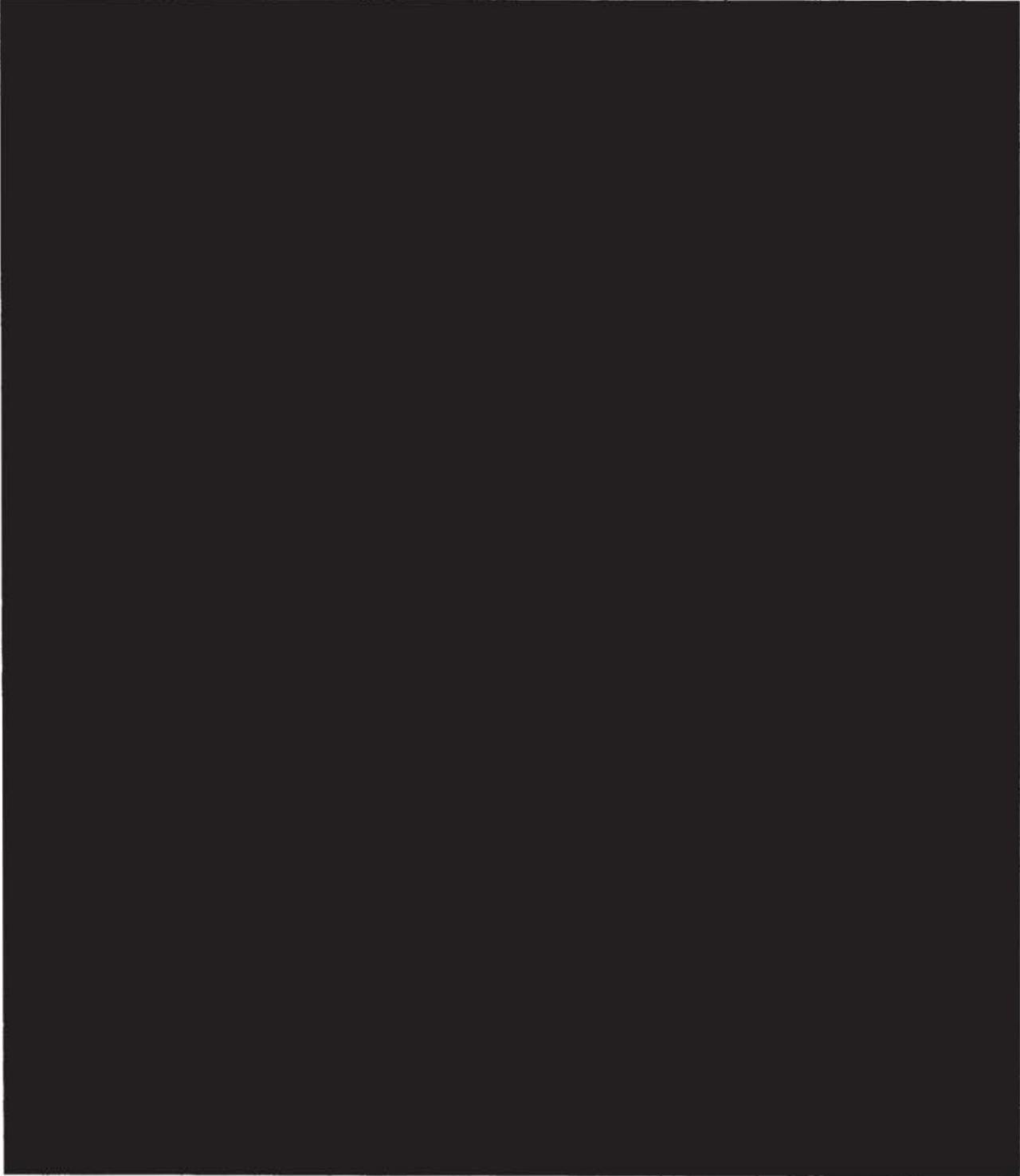
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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



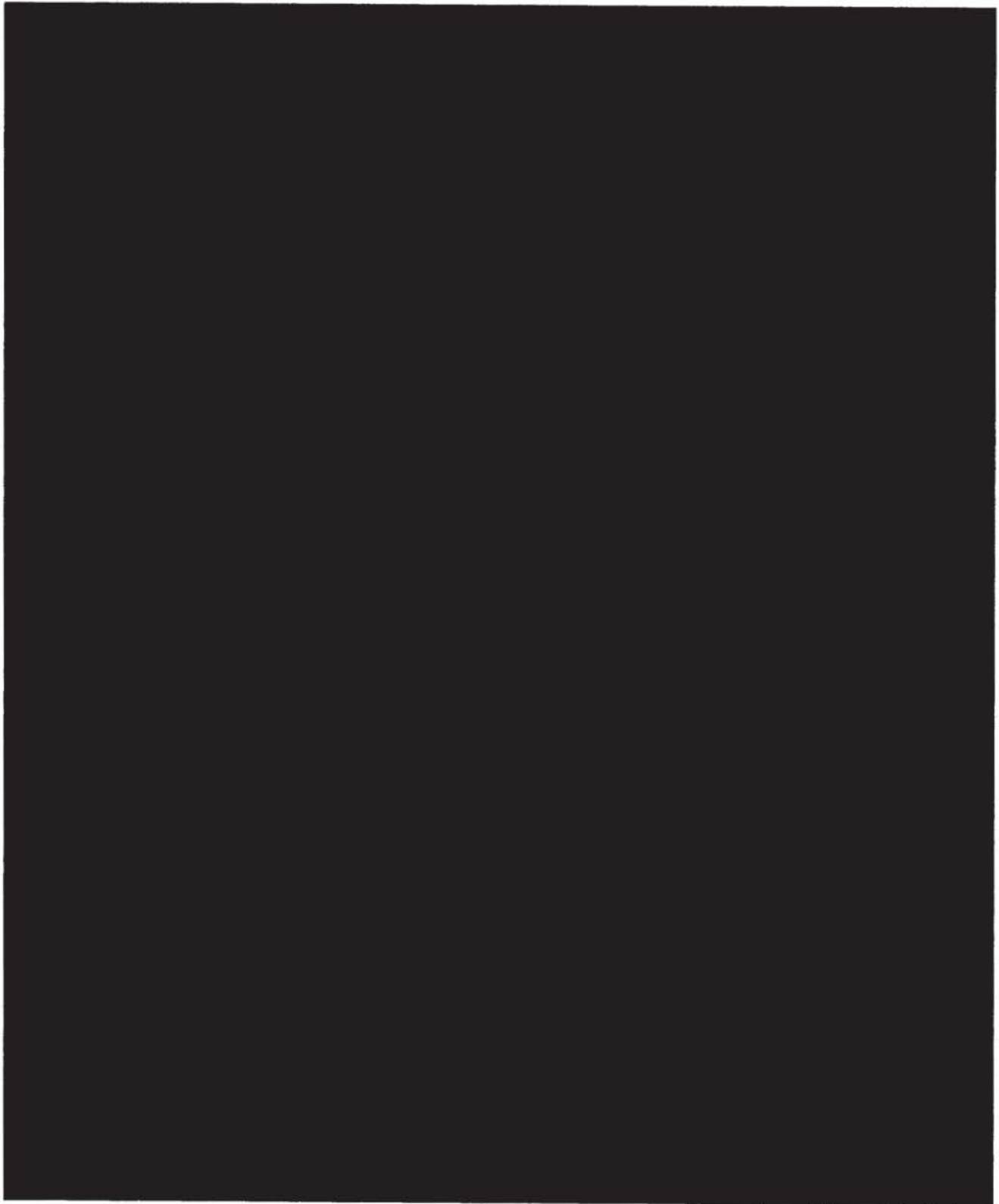
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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)



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NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With unconsolidated financial statements for 2013)





INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
New Florence Telephone Company and Subsidiaries
New Florence, Missouri

Our report on our audit of the consolidated financial statements of New Florence Telephone Company and Subsidiaries, for the year ended December 31, 2014, appears on pages 1-2. That audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information consisting of the consolidating balance sheet at December 31, 2014, and consolidating statements of income and retained earnings, and cash flows of New Florence Telephone Company and Subsidiaries for the year then ended is presented for purposes of additional analysis of the 2014 consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Wiggins & Co., PC

Brigham City, Utah
April 4, 2015

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2014

	<u>New Florence Telephone Company</u>	<u>New London Telephone Company</u>	<u>Orchard Farm Telephone Company</u>	<u>The Stoutland Telephone Company</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Current assets						
Cash and cash equivalents						
Due from customers and agents, less allowance for doubtful accounts of \$13,150						
Accounts receivable-affiliates						
Materials and supplies						
Prepaid expenses						
Total current assets						
Other assets and investments						
Investment in affiliates						
Deferred income tax						
Unamortized loan costs						
Goodwill						
Total other assets and investments						
Property, plant, and equipment						
Operating plant:						
Plant under construction						
Plant in service						
Total operating plant						
Accumulated depreciation						
Total net operating plant						
Non-operating plant						
Telephone plant acquisition adjustment						
Accumulated depreciation						
Non-regulated plant in service						
Accumulated depreciation						
Total net non-operating plant						
Total property, plant, and equipment, net						
Total assets						

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (continued)
DECEMBER 31, 2014

	New Florence Telephone Company	New London Telephone Company	Orchard Farm Telephone Company	The Stockland Telephone Company	Eliminations	Total
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable						
Accounts payable-affiliates						
Customer deposits						
Accrued expenses						
Income taxes payable						
Current portion of long-term debt						
Total current liabilities						
Other liabilities						
Deferred income taxes						
Long-term debt, net						
Total other liabilities						
Total liabilities						
Stockholders' equity						
Common stock						
Additional paid in capital						
Treasury stock						
Retained earnings						
Total stockholders' equity						
Total liabilities and stockholders' equity						

REDACTED - FOR PUBLIC INSPECTION



NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>New Florence Telephone Company</u>	<u>New London Telephone Company</u>	<u>Orchard Farm Telephone Company</u>	<u>The Strand Telephone Company</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue						
Local network						
Network access						
Billing and collecting						
Miscellaneous						
Total operating revenue						
Operating expenses						
Plant specific						
Plant nonspecific						
Customer operations						
Corporate operations						
Depreciation and amortization						
Total operating expenses						
Operating taxes						
Income taxes (benefit)						
Other operating taxes						
Total operating expenses and taxes						
Operating income						
Non-operating revenue (expense)						
Other income (expense)						
Management fees						
Non-regulated income (expense)						
Income from subsidiary						
Income tax benefit (expense)						
Income available for fixed charges						
Fixed charges - interest on long-term debt						
Net income						
Retained earnings/member equity, beginning of year						
Retained earnings/member equity, end year						

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>New Florence Telephone Company</u>	<u>New London Telephone Company</u>	<u>Orchard Farm Telephone Company</u>	<u>The Stroutland Telephone Company</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities						
Net income (loss)						
Adjustments to reconcile net income to net cash provided (used) by operating activities						
Amortization of loan costs						
Depreciation and amortization on miscellaneous physical property/nonoperating property included in other expense						
Depreciation and amortization						
Deferred taxes						
Income from subsidiaries						
Changes in assets and liabilities						
Due from customers and agents						
Accounts receivable-affiliates						
Materials and supplies						
Prepaid expenses						
Accounts payable						
Accounts payable-affiliates						
Customer deposits						
Accrued expenses						
Income taxes payable						
Net cash provided (used) by operating activities						
Cash flows from investing activities						
Purchase of goodwill						
Purchase of capital items						
(Purchase of) proceeds from non-regulated assets						
Proceeds from (purchase of) investments in affiliates						
Net cash provided (used) by investing activities						

REDACTED - FOR PUBLIC INSPECTION
NEW FLORENCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>New Florence Telephone Company</u>	<u>New London Telephone Company</u>	<u>Orchard Farm Telephone Company</u>	<u>The Stoutland Telephone Company</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from financing activities						
Payments on long-term debt						
Issuance of long-term debt						
Payment of loan costs						
Proceeds from contributed capital						
Net cash provided (used) by financing activities						
Net increase (decrease) in cash and cash equivalents						
Cash and cash equivalents, beginning						
Cash and cash equivalents, ending						
Cash paid during the year for:						
Interest						
Income taxes						
Noncash transactions:						
None						



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

The Board of Directors
New Florence Telephone Company and Subsidiaries
New Florence, Missouri

We have audited the consolidated financial statements of New Florence Telephone Company and Subsidiaries as of and for the years ended December 31, 2014, and have issued our report thereon dated April 4, 2015. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

REDACTED-FOR PUBLIC INSPECTION

